

Message Text

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SUBJECT: KOREAN LAWS AND REGULATIONS CONCERNING REGISTRATION
OF OFFER AGENTS

REF: USDOC 08497

1. THERE HAVE BEEN NO RECENT CHANGES IN THE RATHER COMPLEX KOREAN LAWS AND REGULATIONS PERTAINING TO THE SUBJECT MATTER. BRIEFLY, A BUSINESSMAN WHO WANTS TO ACT AS REPRESENTATIVE OF FOREIGN MANUFACTURERS AND SUPPLIERS ("OFFER AGENT") MUST SUBMIT TO THE MINISTRY OF COMMERCE AND INDUSTRY (MCI) FOR REGISTRATION HIS AGENCY AGREEMENT OR POWER OF ATTORNEY AFTER HAVING HAD IT NOTARIZED BY A NOTARY PUBLIC OR A KOREAN CONSULATE IN THE EXPORTING COUNTRY. TO REMAIN QUALIFIED, A REGISTERED OFFER AGENT MUST SELL FOREIGN GOODS A VALUED AT MORE THAN \$500,000, AND EARN A MINIMUM OF \$20,000 IN SALES COMMISSIONS ANNUALLY. IN EARLY 1976, THE MCI DELEGATED TO THE KOREA TRADING AGENTS ASSOCIATION THE AUTHORITY TO HANDLE THE APPLICATIONS FOR THE REGISTRATION OF LOCAL OR FOREIGN TRADING AGENTS.

2. IN ACCORDANCE WITH CURRENT KOREAN TRADE LAWS AND REGULATIONS, THE "OFFER SHEETS" MUST BE ATTACHED TO THE APPLICATION FOR AN IMPORT LICENSE BEFORE A LETTER OF CREDIT MAY BE OPENED. THE OFFER SHEETS ARE NORMALLY ISSUED
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BY REGISTERED OFFER AGENTS. IF AN OFFER SHEET IS ISSUED BY AN EXPORTER WHO HAS NO EXCLUSIVE OFFER AGENT IN KOREA, IT SHOULD BE AUTHENTICATED BY A KOREAN CONSULATE IN THE EXPORTING COUNTRY.

3. UNTIL LATE MARCH OF THIS YEAR, THE KOREAN AUTHORITIES HAD BEEN ACCEPTING OFFER SHEETS WITHOUT VERIFYING COMPLIANCE

WITH THE KOREAN TRADE LAWS AND REGULATIONS. THEN, ON APRIL 1, 1977 THE MCI SENT AN ADMINISTRATIVE ORDER TO THE FOREIGN EXCHANGE BANKS AND CONCERNED AUTHORITIES, PROVIDING SPECIFIC ADMINISTRATIVE GUIDELINES TO PREVENT IRREGULAR TRADE TRANSACTIONS. THE MINISTRY TOOK THIS MEASURE FOLLOWING SOME IRREGULARLY DESCRIBED IMPORTS OF WASTE OIL FROM JAPAN IN EARLY 1977, WHICH BECAME A LOCAL SCANDAL.

4. THEREFORE, IF THE EXOLON COMPANY WISHES TO EXPORT ITS PRODUCTS TO KOREA, THERE ARE TWO WAYS OFFER SHEETS CAN BE ISSUED TO MEET THE REQUIREMENTS OF THE KOREAN LAWS AND REGULATIONS: (1) SEND AN EXCLUSIVE AGREEMENT OR POWER OF ATTORNEY TO A REGISTERED OR PROSPECTIVE OFFER AGENT; OR (2) SEND OFFER SHEETS AUTHENTICATED BY A KOREAN CONSULATE IN THE U.S. TO THE NON-REGISTERED END-USERS.

5. DEFINITIONS: AN "OFFER SHEET" IS DESCRIBED AS A WRITTEN STATEMENT OF SALE BY THE SUPPLIER AND SENT TO THE BUYER, SPECIFYING THE ITEM DESCRIPTION, COUNTRY OF ORIGIN, SIZE OF PRODUCTS, BRAND NAME, UNIT, UNIT PRICE, QUANTITY, VALUE, ARRIVAL PORT, DELIVERY CONDITION (SHIPPING TERM), EFFECTIVE PERIOD OF OFFER SHEET, METHOD OF PAYMENT, NAME OF ISSUING OFFER AGENT AND REGISTER NUMBER, AND NAME OF BUYER. THERE ARE NO PRESCRIBED FORMS. (IN THEORY, THERE ARE TWO TYPES OF OFFER SHEETS; AN IMPORT OFFER SHEET AND AN EXPORT OFFER SHEET; HOWEVER, IN PRACTICE THE KOREAN TRADE TRANSACTION LAWS AND REGULATIONS APPLY ONLY TO IMPORT OFFERS.) "OFFER AGENT" MEANS A REPRESENTATIVE OF A SUPPLIER OR ITS BRANCH OFFICE WHO IS REGISTERED WITH THE MINISTRY OF COMMERCE AND INDUSTRY,
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THROUGH THE KOREA TRADING AGENTS ASSOCIATION, AND QUALIFIED TO ISSUE THE OFFER SHEETS. (OTHER COUNTRIES WHICH ARE SAID TO HAVE ADOPTED AND ENFORCE A SIMILAR SYSTEM INCLUDE TAIWAN, THE PHILIPPINES, INDONESIA, AND EGYPT. THE MAIN PURPOSE OF THE SYSTEM IS UNDERSTOOD TO BE TO CONTROL IMPORTS, ASSESSMENT OF TAXES, AND FOREIGN EXCHANGE.
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